

**VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY
Regular Audit
December 31, 2008 and 2007**

Perry & Associates
Certified Public Accountants, A.C



Mary Taylor, CPA

Auditor of State

Village Council
Village of South Zanesville
24 E Main Street
South Zanesville, OH 43701

We have reviewed the *Independent Accountants' Report* of the Village of South Zanesville, Muskingum County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of South Zanesville is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 27, 2009

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**VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

May 8, 2009

Village of South Zanesville
Muskingum County
24 East Main Street
South Zanesville, Ohio 43701

To the Village Council:

We have audited the accompanying financial statements of the **Village of South Zanesville, Muskingum County, Ohio**, (the Village) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of the State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

Village of South Zanesville
Muskingum County
Independent Accountants' Report
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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007 or their changes in financial position or cash flows for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Village of South Zanesville, Muskingum County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

| | <u>Governmental Fund Types</u> | | | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|-------------------------|-----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | | | |
| Property Tax and Other Local Taxes | \$ 386,296 | \$ 30,776 | \$ - | \$ - | \$ 417,072 |
| Intergovernmental | 82,475 | 76,572 | - | - | 159,047 |
| Special Assessments | - | 19,585 | - | - | 19,585 |
| Charges for Services | 67,422 | 1,548 | - | - | 68,970 |
| Fines, Licenses, and Permits | 16,141 | 1,010 | - | - | 17,151 |
| Earnings on Investments | 2,675 | 1,170 | - | - | 3,845 |
| Miscellaneous | 38,980 | 1,711 | - | - | 40,691 |
| Total Cash Receipts | <u>593,989</u> | <u>132,372</u> | <u>-</u> | <u>-</u> | <u>726,361</u> |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 204,445 | 7,133 | - | - | 211,578 |
| Leisure Time Activities | 37,886 | - | - | - | 37,886 |
| Transportation | 3,217 | 133,506 | - | - | 136,723 |
| General Government | 192,291 | 1,500 | - | - | 193,791 |
| Debt Service: | | | | | |
| Redemption of Principal | 23,107 | - | 35,000 | - | 58,107 |
| Interest and Fiscal Charges | 5,037 | - | 35,570 | - | 40,607 |
| Capital Outlay | 96,047 | 25,091 | - | 11,351 | 132,489 |
| Total Cash Disbursements | <u>562,030</u> | <u>167,230</u> | <u>70,570</u> | <u>11,351</u> | <u>811,181</u> |
| Total Cash Receipts Over/(Under) Disbursements | <u>31,959</u> | <u>(34,858)</u> | <u>(70,570)</u> | <u>(11,351)</u> | <u>(84,820)</u> |
| Other Financing Receipts and (Disbursements): | | | | | |
| Transfer-In | - | - | 66,725 | 11,276 | 78,001 |
| Transfer-Out | (78,001) | - | - | - | (78,001) |
| Total Other Financing Receipts/(Disbursements) | <u>(78,001)</u> | <u>-</u> | <u>66,725</u> | <u>11,276</u> | <u>-</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (46,042) | (34,858) | (3,845) | (75) | (84,820) |
| Fund Cash Balances, January 1 | 60,285 | 124,238 | 3,897 | 116 | 188,536 |
| Fund Cash Balances, December 31 | <u>\$ 14,243</u> | <u>\$ 89,380</u> | <u>\$ 52</u> | <u>\$ 41</u> | <u>\$ 103,716</u> |
| Reserve for Encumbrances, December 31 | <u>\$ 7,434</u> | <u>\$ 207</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7,641</u> |

The notes to the financial statements are an integral part of this statement

**VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

| | <u>Proprietary Fund Type</u> | <u>Fiduciary Fund Type</u> | <u>Totals (Memorandum Only)</u> |
|--|----------------------------------|--------------------------------|---|
| | <u>Enterprise</u> | <u>Agency</u> | |
| Operating Cash Receipts: | | | |
| Charges for Services | \$ 626,276 | \$ - | \$ 626,276 |
| Total Operating Revenues | <u>626,276</u> | <u>-</u> | <u>626,276</u> |
| Operating Cash Disbursements: | | | |
| Personal Services | 112,620 | - | 112,620 |
| Fringe Benefits | 82,943 | - | 82,943 |
| Contractual Services | 342,898 | - | 342,898 |
| Supplies and Materials | 27,213 | - | 27,213 |
| Other | 16,763 | - | 16,763 |
| Total Operating Cash Disbursements | <u>582,437</u> | <u>-</u> | <u>582,437</u> |
| Operating Income (Loss) | <u>43,839</u> | <u>-</u> | <u>43,839</u> |
| Non-Operating Cash Receipts: | | | |
| Earnings on Investments | 2,843 | - | 2,843 |
| Note Proceeds | 82,841 | - | 82,841 |
| Other Non-Operating Cash Receipts | 26,430 | 22,440 | 48,870 |
| Total Non-Operating Cash Receipts | <u>112,114</u> | <u>22,440</u> | <u>134,554</u> |
| Non-Operating Cash Disbursements: | | | |
| Capital Outlay | 107,787 | - | 107,787 |
| Debt Service: | | | |
| Redemption of Principal | 17,785 | - | 17,785 |
| Interest and Fiscal Charges | 3,870 | - | 3,870 |
| Other Non-Operating Expenses | 12,000 | 22,440 | 34,440 |
| Total Nonoperating Expenses | <u>141,442</u> | <u>22,440</u> | <u>163,882</u> |
| Net Receipts Over/(Under) Cash Disbursements | 14,511 | - | 14,511 |
| Fund Cash Balances, January 1 | <u>159,590</u> | <u>2,044</u> | <u>161,634</u> |
| Fund Cash Balances, December 31 | <u>\$ 174,101</u> | <u>\$ 2,044</u> | <u>\$ 176,145</u> |
| Reserve for Encumbrances, December 31 | <u>\$ 4,512</u> | <u>\$ -</u> | <u>\$ 4,512</u> |

The notes to the financial statements are an integral part of this statement

**VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>Governmental Fund Types</u> | | | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|-------------------------|-----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | | | |
| Property Tax and Other Local Taxes | \$ 382,254 | \$ 33,449 | \$ - | \$ - | \$ 415,703 |
| Intergovernmental | 82,275 | 71,937 | - | - | 154,212 |
| Special Assessments | - | 11,308 | - | - | 11,308 |
| Charges for Services | 67,296 | 1,145 | - | - | 68,441 |
| Fines, Licenses, and Permits | 18,981 | 2,810 | - | - | 21,791 |
| Earnings on Investments | 7,102 | 3,393 | - | - | 10,495 |
| Miscellaneous | 15,401 | 1,585 | - | - | 16,986 |
| Total Cash Receipts | <u>573,309</u> | <u>125,627</u> | <u>-</u> | <u>-</u> | <u>698,936</u> |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 174,668 | - | - | - | 174,668 |
| Leisure Time Activities | 30,558 | - | - | - | 30,558 |
| Transportation | 19,120 | 91,378 | - | - | 110,498 |
| General Government | 224,586 | 2,000 | - | - | 226,586 |
| Debt Service: | | | | | |
| Redemption of Principal | 11,858 | - | 30,000 | - | 41,858 |
| Interest and Fiscal Charges | 1,314 | - | 37,010 | - | 38,324 |
| Capital Outlay | 104,039 | 16,467 | - | 120,528 | 241,034 |
| Total Cash Disbursements | <u>566,143</u> | <u>109,845</u> | <u>67,010</u> | <u>120,528</u> | <u>863,526</u> |
| Total Cash Receipts Over/(Under) Disbursements | <u>7,166</u> | <u>15,782</u> | <u>(67,010)</u> | <u>(120,528)</u> | <u>(164,590)</u> |
| Other Financing Receipts and (Disbursements): | | | | | |
| Note Proceeds | 125,000 | - | - | - | 125,000 |
| Transfer-In | - | - | 70,000 | 120,528 | 190,528 |
| Transfer-Out | (190,528) | - | - | - | (190,528) |
| Total Other Financing Receipts/(Disbursements) | <u>(65,528)</u> | <u>-</u> | <u>70,000</u> | <u>120,528</u> | <u>125,000</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (58,362) | 15,782 | 2,990 | - | (39,590) |
| Fund Cash Balances, January 1 (Restated see Note #2) | 118,647 | 108,456 | 907 | 116 | 228,126 |
| Fund Cash Balances, December 31 | <u>\$ 60,285</u> | <u>\$ 124,238</u> | <u>\$ 3,897</u> | <u>\$ 116</u> | <u>\$ 188,536</u> |
| Reserve for Encumbrances, December 31 | <u>5,348</u> | <u>1,399</u> | <u>-</u> | <u>-</u> | <u>6,747</u> |

The notes to the financial statements are an integral part of this statement

**VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>Proprietary Fund Type</u> | <u>Fiduciary Fund Type</u> | <u>Totals (Memorandum Only)</u> |
|---|----------------------------------|--------------------------------|---|
| | <u>Enterprise</u> | <u>Agency</u> | |
| Operating Cash Receipts: | | | |
| Charges for Services | \$ 616,815 | \$ - | \$ 616,815 |
| Total Operating Revenues | <u>616,815</u> | <u>-</u> | <u>616,815</u> |
| Operating Cash Disbursements: | | | |
| Personal Services | 100,476 | - | 100,476 |
| Fringe Benefits | 61,904 | - | 61,904 |
| Contractual Services | 401,304 | - | 401,304 |
| Supplies and Materials | 25,601 | - | 25,601 |
| Other | 9,556 | - | 9,556 |
| Total Operating Cash Disbursements | <u>598,841</u> | <u>-</u> | <u>598,841</u> |
| Operating Income (Loss) | <u>17,974</u> | <u>-</u> | <u>17,974</u> |
| Non-Operating Cash Receipts: | | | |
| Earnings on Investments | 7,822 | - | 7,822 |
| Other Non-Operating Cash Receipts | 251 | 24,215 | 24,466 |
| Total Non-Operating Cash Receipts | <u>8,073</u> | <u>24,215</u> | <u>32,288</u> |
| Non-Operating Cash Disbursements: | | | |
| Capital Outlay | 37,536 | - | 37,536 |
| Debt Service: | | | |
| Redemption of Principal | 17,601 | - | 17,601 |
| Interest and Fiscal Charges | 2,900 | - | 2,900 |
| Other Non-Operating Expenses | - | 24,215 | 24,215 |
| Total Nonoperating Expenses | <u>58,037</u> | <u>24,215</u> | <u>82,252</u> |
| Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers | (31,990) | - | (31,990) |
| Fund Cash Balances, January 1 (Restated see Note #2) | <u>191,580</u> | <u>2,044</u> | <u>193,624</u> |
| Fund Cash Balances, December 31 | <u>\$ 159,590</u> | <u>\$ 2,044</u> | <u>\$ 161,634</u> |
| Reserve for Encumbrances, December 31 | <u>\$ 1,399</u> | <u>\$ -</u> | <u>\$ 1,399</u> |

The notes to the financial statements are an integral part of this statement

**VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of South Zanesville, Muskingum County (the Village), as a body corporate and politic. A publicly elected six-member Council governs the Village. The Village provides water and sewer utilities, refuse collection, park and pool operations, and police services. The Village appropriates general fund money to support a volunteer fire department.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters the Auditor of State prescribes.

C. Cash and Investments

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual fund reports.

D. Fund Accounting

The Village uses fund accounting to segregate cash that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Village has the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining, and repairing Village streets.

Special Assessment Street Light Fund – This fund receives a special assessment tax for maintaining and repairing Village street lights.

3. Debt Service Fund

The Bond Retirement Fund is used to account for resources the Village accumulates to pay bond indebtedness used to finance the construction of a new municipal building.

4. Capital Project Funds

The Capital Project Fund is used to account for receipts and disbursements restricted for a street paving project partially funded with Issue II monies from the Ohio Public Works Commission.

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Refuse Collection Fund – This fund receives charges for services from residents to cover the costs of providing this utility.

**VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

6. Fiduciary Funds (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Funds:

Mayor's Court Fund – This fund receives and distributes Mayor's Court fines and forfeitures.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

A summary of 2008 and 2007 budgetary activity appears in Note 4.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. PRIOR PERIOD FUND BALANCE ADJUSTMENTS

The Village made a fund balance adjustment in 2006 to take monies that were shown in the Agency Fund's Income Tax balance as of December 31, 2006 that should have been included in the General Fund.

| | General Fund | Agency Fund |
|---------------------------------|---------------------|--------------------|
| Balance as of December 31, 2006 | \$ 78,446 | \$ 42,245 |
| Adjustment for Income Tax Fund | 40,201 | (40,201) |
| Adjusted Fund Balance | \$ 118,647 | \$ 2,044 |

3. EQUITY IN POOLED CASH

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

| | 2008 | 2007 |
|--------------------------------|-------------|-------------|
| Demand deposits | \$ 119,059 | \$ 193,384 |
| Total deposits | 119,059 | 193,384 |
| STAR Ohio | 160,802 | 156,786 |
| Total investments | 160,802 | 156,786 |
| Total deposits and investments | \$ 279,861 | \$ 350,170 |

Deposits: are insured by the Federal Deposit Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

Investments: in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|----------------------|---------------------|---------------------|
| General | \$ 663,020 | \$ 593,989 | \$ (69,031) |
| Special Revenue | 139,148 | 132,372 | (6,776) |
| Debt Service | 154,450 | 66,725 | (87,725) |
| Capital Projects | 138,800 | 11,276 | (127,524) |
| Enterprise | 797,364 | 738,390 | (58,974) |
| Total | <u>\$ 1,892,782</u> | <u>\$ 1,542,752</u> | <u>\$ (350,030)</u> |

2008 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|----------------------------|---------------------------|-------------------|
| General | \$ 648,450 | \$ 647,465 | \$ 985 |
| Special Revenue | 188,450 | 167,437 | 21,013 |
| Debt Service | 70,600 | 70,570 | 30 |
| Capital Projects | 43,000 | 11,351 | 31,649 |
| Enterprise | 807,497 | 728,391 | 79,106 |
| Total | <u>\$ 1,757,997</u> | <u>\$ 1,625,214</u> | <u>\$ 132,783</u> |

2007 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|----------------------|---------------------|---------------------|
| General | \$ 878,987 | \$ 698,309 | \$ (180,678) |
| Special Revenue | 73,926 | 125,627 | 51,701 |
| Debt Service | 70,000 | 70,000 | - |
| Capital Projects | 193,700 | 120,528 | (73,172) |
| Enterprise | 608,529 | 624,888 | 16,359 |
| Total | <u>\$ 1,825,142</u> | <u>\$ 1,639,352</u> | <u>\$ (185,790)</u> |

2007 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|----------------------------|---------------------------|-------------------|
| General | \$ 1,038,339 | \$ 762,019 | \$ 276,320 |
| Special Revenue | 182,000 | 111,244 | 70,756 |
| Debt Service | 70,000 | 67,010 | 2,990 |
| Capital Projects | 183,700 | 120,528 | 63,172 |
| Enterprise | 780,426 | 658,277 | 122,149 |
| Total | <u>\$ 2,254,465</u> | <u>\$ 1,719,078</u> | <u>\$ 535,387</u> |

**VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio Rev. Code Section 5705.41 (D), the certification of availability of unencumbered appropriations for expenditure was not obtained for 60% of expenditures tested during 2008 and 19% of expenditures testing during 2007.

5. DEBT

Debt outstanding at December 31, 2008 was as follows:

| | Principal | Interest Rate |
|--|------------------|--------------------------|
| Ohio Public Works Commission - Water Main Loan | 12,861 | 2.00% |
| Construction Loan – Paving and Building | 90,035 | 4.75% |
| Ohio Water Development Authority - 4815 | 75,751 | 4.11% |
| Municipal Building Bonds | 672,738 | 5.15% |
| Total | \$ 851,385 | |

The Ohio Public Works Commission (OPWC) loan relating to the water tank project will be repaid in semiannual installments of \$5,461, including interest, over 10 years. The loan was originally issued on July 1, 1997. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. This loan was paid off during the audit period.

The Ohio Public Works Commission (OPWC) loan relating to the sewer inflow and infiltration improvement project (I & I Project) that the Village completed in 1998 will be repaid in semiannual installments of \$3,338, including interest, over 10 years. The loan was originally issued on July 1, 1997 in the amount \$60,223. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. This loan was paid off during the audit period.

The Ohio Public Works Commission (OPWC)- Water Main loan relating to the waterline replacement and west side water main projects will be repaid in semiannual installments of \$206 for the waterline replacement and \$2,219 for the west side water main, including interest, over 10 years. The loan was originally issued in 2001 in the amount of \$3,714 and \$40,046. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. The waterline replacement loan was paid off during the audit period. The west side water main loan is scheduled to be paid off in 2011.

The Construction Loan – Paving and Building loan relates to the improvement projects including paving alleys and construction of building will be repaid in monthly installments of \$7,063, including interest, over 5 years. The loan was originally issued on August 8, 2007 and last payment is scheduled June 30, 2012.

**VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

5. DEBT (Continued)

The Ohio Water Development Authority (OWDA) loan #4815 was to make improvements to the water systems. The loan will be repaid through the Water Fund in semi-annual installments of \$5,271, including interest, over 10 years. This loan was issued on December 31, 2007 in the amount of \$85,731, no monies were disbursed in 2007 and \$82,841 in 2008. The loan is collateralized by water receipts. The Village had agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Municipal Building Bonds were issued to finance the construction of the new village hall completed in 2000. The Municipal Building Bonds are general obligations of the Village and are intended to be repaid with the Village's income tax revenue. The \$875,000 bonds issued for new village hall construction include serial and term bonds in the amounts of \$455,000 and \$420,000, respectively. The bonds are being retired from the Bond Retirement Fund.

The term bonds maturing on December 1, 2017 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption on December 1 in the year and in the respective principal amounts as follows:

| <u>Year</u> | <u>Principal Amount to be Redeemed</u> |
|-------------|--|
| 2015 | \$ 50,000 |
| 2016 | \$ 55,000 |

The term bonds maturing on December 1, 2021 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption on December 1 in the year and in the respective principal amounts as follows:

| <u>Year</u> | <u>Principal Amount to be Redeemed</u> |
|-------------|--|
| 2018 | \$ 60,000 |
| 2019 | \$ 65,000 |
| 2020 | \$ 65,000 |

Amortization of the above debt, including interest, is scheduled as follows:

| Year ending December 31: | OPWC Line Replace Loans | Construction Loan | OWDA Loan 4815 | Municipal Buildings Bonds |
|-----------------------------|-------------------------------|----------------------|----------------------|---------------------------------|
| 2009 | \$ 4,438 | \$ 28,144 | \$ 10,542 | \$ 85,835 |
| 2010 | 4,438 | 28,144 | 10,542 | 88,315 |
| 2011 | 4,438 | 28,144 | 10,542 | 85,435 |
| 2012 | - | 14,072 | 10,542 | 87,555 |
| 2013 | - | - | 10,542 | 84,316 |
| Thereafter | - | - | 52,710 | 644,243 |
| Total | <u>\$ 13,314</u> | <u>\$ 98,504</u> | <u>\$ 105,420</u> | <u>\$ 1,075,699</u> |

**VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. LEASE OBLIGATION

The Village entered into a ten year lease for the acquisition of a new fire truck during 2008 with Oshkosh Capital, Inc. This lease required the Village to make payments of \$28,392 annually beginning September 2008 until paid in full in 2017. The Village made payments totaling \$56,783 during the audit period.

7. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

8. LOCAL INCOME TAX

In November of 2004, residents of the Village authorized an additional .5 percent municipal income tax. The Village now levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

9. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees and elected officials belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost-sharing, multi-employer plans. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2006 and 2005, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. Members of OPERS contributed 10% (2008) and 9.5% (2007) of their gross salaries. The Village contributed an amount equal to 14% (2008) and 13.85% (2007) of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

**VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

9. RETIREMENT SYSTEMS (Continued)

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

For the years ended December 31, 2008 and 2007, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10 and 9.5 percent of their annual covered salaries, respectively. Members participating in the traditional pension plan who were in law enforcement contributed 10 percent of their annual covered salary; there were no members in public safety. The Village's contribution rates for pension benefits for 2008 and 2007 were 14 percent and 13.85 percent, respectively, except for those plan members in law enforcement or public safety. For those classifications, the Village's pension contributions for law enforcement were 3.5 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, and 2007, were \$73,112 and \$55,731, respectively. The full amount has been contributed for 2008 and 2007. No Village employees participated in the member-directed plan.

B. Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

9. RETIREMENT SYSTEMS (Continued)

B. Ohio Police and Fire Pension Fund

For the years December 31, 2008 and 2007, plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations, while the Village is required to contribute 19.5 percent. Contributions are authorized by State statute. The Village's contributions to the Fund for years ended December 31, 2008 and 2007 were \$13,436 and \$11,303 respectively. The full amount has been contributed for 2008 and 2007.

10. RISK MANAGEMENT

A. Public Entity Pool of Ohio

The Village is a member of the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio political subdivisions. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member political subdivisions pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage PEP retains up to \$350,000 per claim, including loss adjustment expenses. PEP makes an annual contribution to APEEP. APEEP reinsures casualty claims exceeding \$350,000, up to \$2,650,000 per claim and \$5,000,000 in the aggregate per year. If losses exhaust PEP's net assets, APEEP covers PEP's retained casualty risk up to \$10,000,000 per year, subject to a per-claim limit of \$3,000,000. Local political subdivisions can elect additional coverage, up to a limit of \$12,000,000 from the General Reinsurance Corporation.

Property Coverage PEP retains property risks, including automobile physical damage, up to \$100,000 in any one occurrence. APEEP reinsures property losses that are greater than \$100,000 up to \$250,000 per occurrence. The Travelers Indemnity Company reinsures losses exceeding \$250,000 up to \$600,000,000 per occurrence.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective local government.

**VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

10. RISK MANAGEMENT (Continued)

A. Public Entity Pool of Ohio (Continued)

Financial Position PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net assets at December 31, 2007 and 2004, (the latest information available):

| | <u>2007</u> | <u>2006</u> |
|-------------------------|---------------------|---------------------|
| Statement of Net Assets | | |
| Assets | \$37,560,071 | \$36,123,194 |
| Liabilities | <u>(17,340,825)</u> | <u>(16,738,904)</u> |
| Net Assets-Unrestricted | <u>\$20,219,246</u> | <u>\$19,384,290</u> |

11. CONTINGENT LIABILITIES

Grants

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

May 8, 2009

Village of South Zanesville
Muskingum County
24 East Main Street
South Zanesville, Ohio 43701

To the Village Council:

We have audited the financial statements of the **Village of South Zanesville, Muskingum County, Ohio** (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated May 8, 2009, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

Internal Control Over Financial Reporting (Continued)

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2008-001 through 2008-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe significant deficiency 2008-002 described above is a material weakness.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated May 8, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed one instance of noncompliance or other matter that we must report under *Government Auditing Standard* which are described in the accompanying schedule of findings as item 2008-001.

This report is intended solely for the information and use of management and Village Council and is not intended to be, and should not be used by anyone other than these specified parties.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY**

**SCHEDULE OF AUDIT FINDINGS
December 31, 2008 and 2007**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|--|

FINDING NUMBER 2008-001

Noncompliance Citation/ Significant Deficiency

Ohio Revised Code § 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

**VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY**

**SCHEDULE OF AUDIT FINDINGS
December 31, 2008 and 2007**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
|--|

FINDING NUMBER 2008-001 (Continued)

Ohio Revised Code § 5705.41(D) (Continued)

The Village did not properly certify the availability of funds prior to purchase commitment for 60% and 19% of the expenditures tested during 2008 and 2007, respectively. In addition there was no evidence that the Village followed the aforementioned exceptions.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Clerk certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2008-002

Significant Deficiency/Material Weakness

Posting of Receipts and Expenditures

During 2008 and 2007, several receipts and expenditures related to debt were not posted into accurate classifications based on the source of the receipt and expenditure. The following mispostings were noted during the audit:

- Note Proceeds were posted to Intergovernmental.
- Expenditures for debt payments were posted to capital outlay or entirely to interest rather than broken down between principal and interest.
- The receipt and disbursement for loan proceeds and the capital outlay were not posted due to payment going straight to vendor.
- Income Tax monies were received and expended out of an Agency Fund.
- Mayor's Court Agency Fund was not maintained.
- Fire Contract receipts were posted into Debt Service Fund.
- Receipts were posted as special assessments and loan proceeds that should have been miscellaneous receipts.

These mispostings resulted in several audit reclassifications and a prior period adjustment.

We recommend the Clerk refer to the Village Handbook for guidance to determine the proper establishment of revenue and expenditure accounts and posting of receipts and expenditures.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY**

**SCHEDULE OF AUDIT FINDINGS
December 31, 2008 and 2007**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2008-003

Significant Deficiency

Posting Estimated Revenues and Appropriations

The Village did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by Village Council and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. Adjustments were made to the budgetary activity reported in Note 4 to the financial statements in order to accurately present estimated receipts as Certified by the County Budget Commission.

We recommend the Village implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|---|------------------|---|
| 2006-001 | Monitoring Delinquent Income Tax Accounts | Yes | N/A |
| 2006-002 | Income Tax Collections | Yes | N/A |
| 2006-003 | Posting Expenditures | No | Not Corrected, Repeated as finding 2008-002. |
| 2006-004 | Posting Estimated Revenues and Expenditures | No | Not Corrected, Repeated as finding 2008-003. |
| 2006-005 | Monitoring of Outstanding Mayor's Court Fines | Yes | N/A |
| 2006-006 | Swimming Pool Receipts | Yes | N/A |
| 2006-007 | Tax Related Late Payments | Yes | N/A |
| 2006-008 | Late Payments to Vouchers | Yes | N/A |
| 2006-009 | ORC Section 5705.41(D) – Expenditures were made without the fiscal officer's prior certification. | No | Not Corrected, Repeated as finding 2008-001. |
| 2006-010 | ORC Section 5705.41(B) – Expenditures in excess of appropriations. | Yes | N/A |



Mary Taylor, CPA
Auditor of State

**VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY**

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 9, 2009**